

SCHEDULE 3



NDT Investment Manager Fee Study

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LCG ASSOCIATES INC. INVESTMENT CONSULTING SERVICES

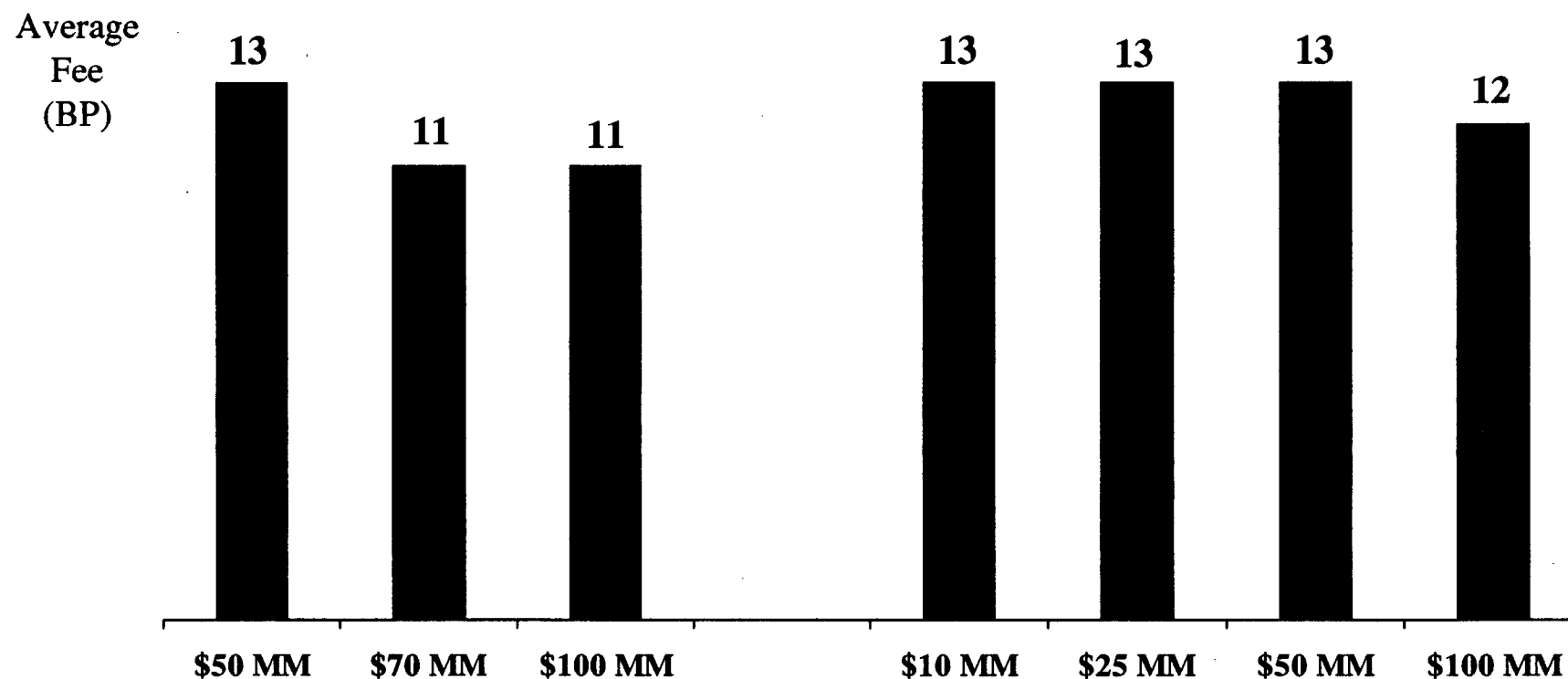
INTRODUCTION

- ***LCG Associates, Inc. recently surveyed approximately 50 investment management firms regarding NDT management fees.*** These managers classified themselves in either our own database or one we purchase (PSN) as managing NDT assets.
- ***Of the firms surveyed, 24 responded that currently manage NDT Assets.*** Many would like to, but do not yet have NDT clients.
- ***Fees reported in this survey are the published fee schedules actually used with NDT clients.*** Of course, fees can be negotiable.
- ***These 24 managers represent about \$16 billion or about 75% of the NDT market today.*** NDT assets at each firm range from \$6 million to \$3.5 billion. Only 10 managers report over \$500 million in NDT assets and only 4 are over \$1 billion.
- ***LCG Associates, Inc. hopes that this survey is useful to you in managing your NDT. If you should have any questions, please call:***

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NDT FEE SURVEY - INDEXED EQUITIES

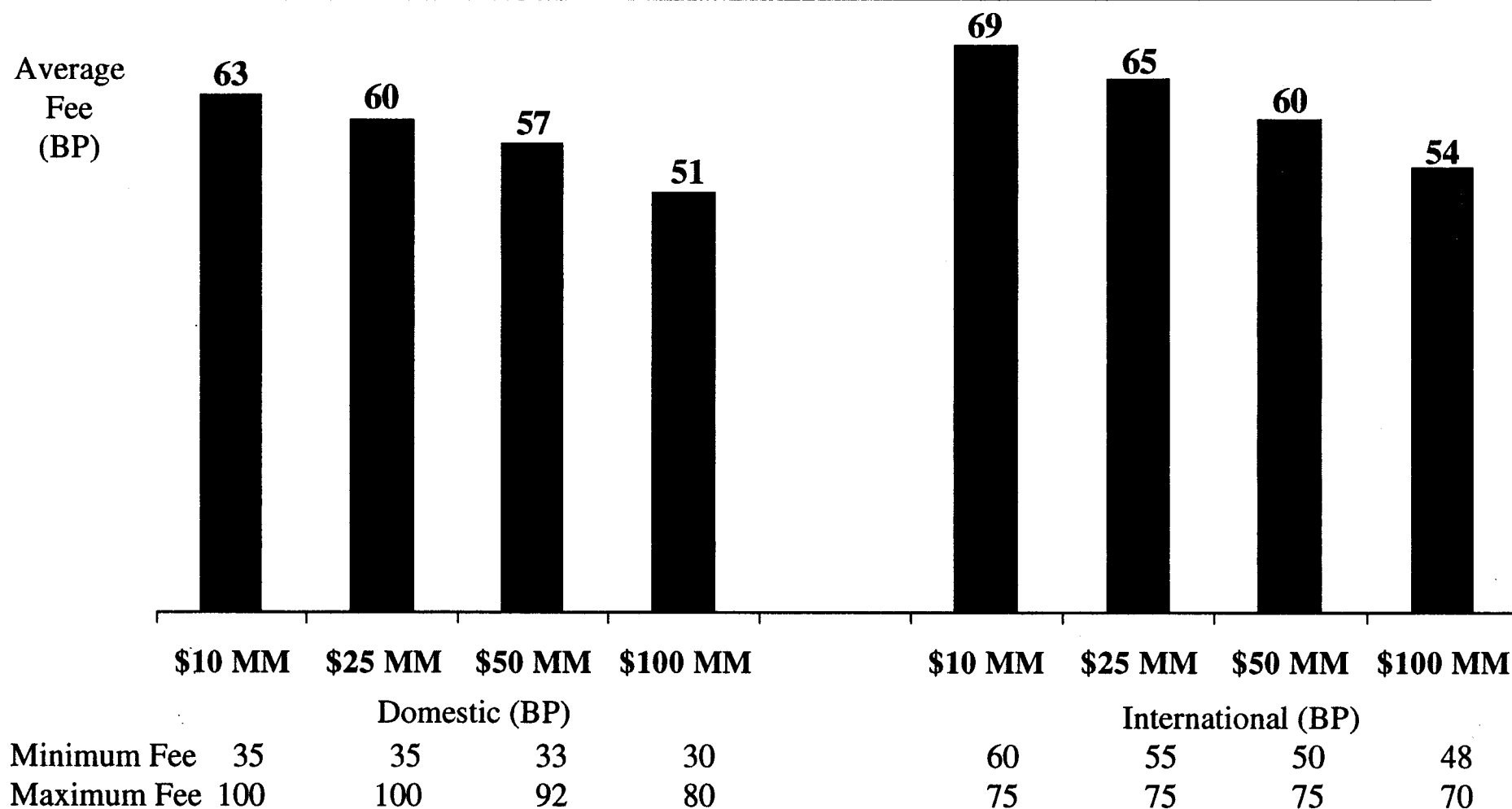
LCG's Observation: The average minimum separate account size is about \$60 million. Commingled and separate account fees are not distinctly different. Both tax - managed and regular index products are included. Plain index funds are less expensive.



| | Separate Accounts (BP) | | | Commingled Funds (BP) | | | |
|-------------|------------------------|----|----|-----------------------|----|----|----|
| Minimum Fee | 5 | 5 | 5 | 10 | 10 | 10 | 8 |
| Maximum Fee | 20 | 19 | 18 | 15 | 15 | 15 | 14 |

NDT FEE SURVEY - ACTIVE EQUITIES

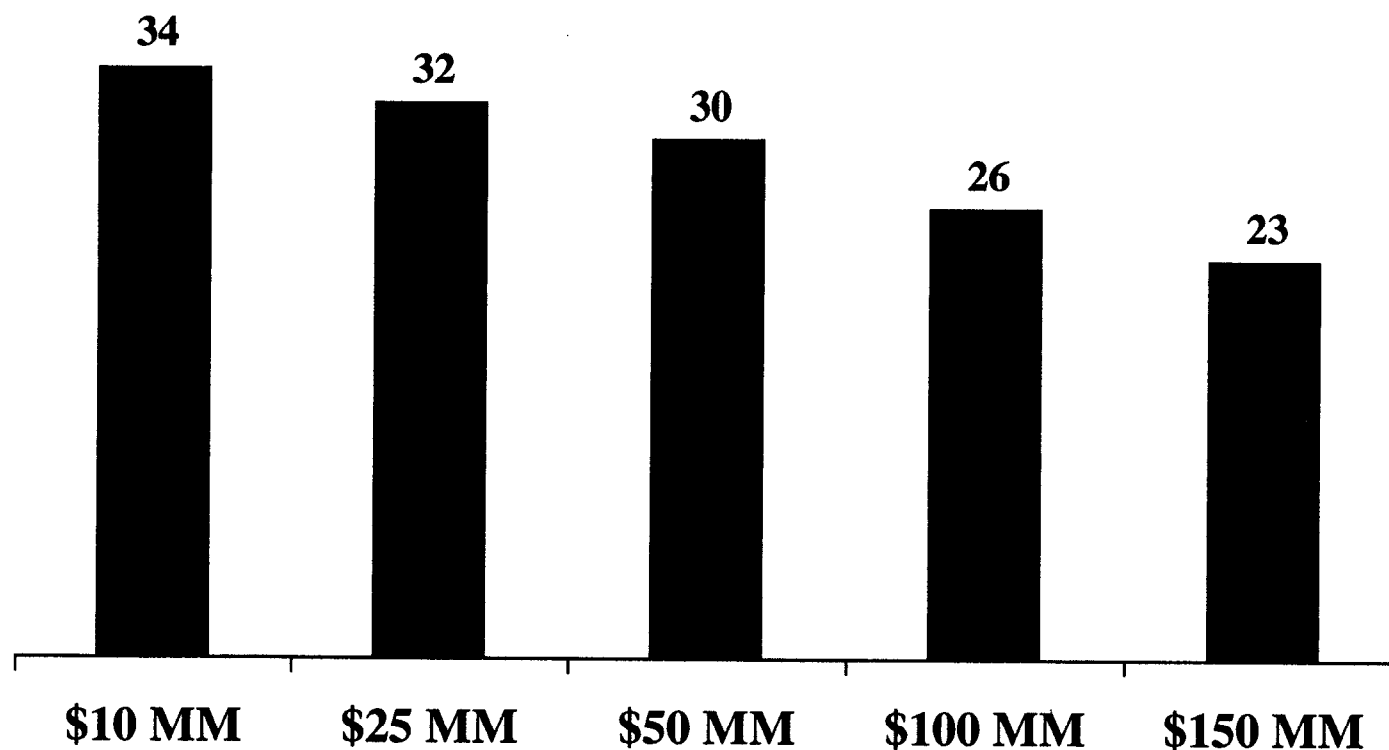
LCG's Observation: Only 4 managers reported managing international equities for NDTs, although demand is growing. The range of styles within domestic equities includes large-cap value, mid-cap, small-cap value, utility sector only, and large-cap growth.



NDT FEE SURVEY - FIXED INCOME

LCG's Observation: NDT bond managers now typically manage a "core" account of both munis and taxable bonds. Most are benchmarked to the Lehman Brothers Aggregate Bond Index, although some have a shorter-duration target. Low minimum fees represent passive management.

Average
Fee
(BP)



Minimum Fee
Maximum Fee

| | | | | |
|----|----|----|----|----|
| 7 | 7 | 7 | 6 | 5 |
| 44 | 43 | 43 | 38 | 35 |



INSTITUTIONAL INVESTMENT CONSULTANTS

with a specialty in NDT Strategies

Company Background

- Full-service institutional investment consultants
- Established in 1973: Celebrating our 27th year
- 100% employee owned and independent
- Experienced investment team
- Over 75 major institutional clients nationwide
- A national firm - offices in Atlanta, Dallas, Charlotte
- Strict Code of Ethics
- Over \$30 billion in assets under advisement

Unique in the Consulting Industry

- Do Not Manage Money
- Do Not Accept Commissions
- Do Not Sell Actuarial/Administrative Services
- No Affiliations with Investment Management Firms

LCG's Clients

- Nuclear Decommissioning Trusts
- Defined Benefit Plans
- Defined Contribution Plans
- Post-Retirement Benefit Plans
- Endowments and Foundations
- Corporate Operating or Investment Portfolios
- Hospital and Medical Industry Assets
- Insurance-Related Assets
- Specialty Trusts
- High Net-Worth Family Assets

Specialized NDT Consulting Services

- Asset/Liability Modeling (after-tax)
- Asset Allocation Assumptions and Strategy
- Rate Case Support and Expert Witness Testimony
- Spent Fuel Trust Studies and Asset Allocation
- Effective Manager Structure
- Manager Search and Selection
- After-Tax, After-Fee Performance Evaluation
- Cash Flow Strategy (near and in decommissioning)
- Special Research and Studies

Other Consulting Services

- Asset class research, analysis & opinion
- Investment policy development
- Asset allocation modeling
- Asset/liability studies
- Spending policy modeling and development
- Downside risk analysis
- Domestic/international manager search
- Investment manager guidelines & benchmarking
- 401(k) strategies & communications
- Performance monitoring, measurement & evaluation
- Performance attribution/factor analysis
- Securities lending analysis
- Master trustee/custodian analysis & search
- Third-party commission recapture programs
- Fee analysis & negotiation
- Alternative investment research & recommendations



INSTITUTIONAL INVESTMENT CONSULTANTS

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NDT Clients (Past and Present)

- Carolina Power and Light Company
- Central and South West Corporation
- Connecticut Yankee Atomic Power Company
- Maine Yankee Atomic Power Company
- Reliant Energy
- Vermont Yankee Nuclear Power Corporation
- Virginia Electric Power Company
- Yankee Atomic Electric Company

LCG's Consultants

Years Experience

| | |
|--|----|
| • Dr. Michael T. Wilkinson President and Chief Executive Officer, Atlanta | 21 |
| • Richard R. Babcock Senior Vice President, Charlotte | 24 |
| • Kathleen A. Crowley, CFA Senior Vice President and Chair, Investment Committee, Atlanta | 20 |
| • June B. Debatin Senior Vice President, International Investments, Atlanta | 31 |
| • Scott M. Freeman Senior Vice President and Office Head, Dallas | 15 |
| • Edward F. Johnson Senior Vice President and Office Head, Atlanta | 15 |
| • J. Stephen Penner Senior Vice President, Dallas | 31 |
| • John W. Burgin Chief Financial Officer, Atlanta | 20 |
| • Douglas L. Blanton Consultant, Atlanta | 4 |
| • Anthony M. Daniel, Jr., CFA Consultant, Atlanta | 5 |
| • Brian J. Falco Consultant, Dallas | 10 |
| • Michael T. Lubin Consultant, Atlanta | 5 |
| • David D. Ritter, CFA Consultant, Atlanta | 7 |

Code Of Ethics

- To ensure that we provide the highest quality of service and maintain the highest standards of conduct, the employees of LCG Associates, Inc. are governed in all their activities by the following principles:
- Our primary goal is to provide our clients with the highest quality service available in the marketplace. We will continually strive to improve that service.
- The foundation of our relationship with clients is trust. We will preserve this trust by providing totally independent, unbiased counsel.
- We recognize that we share a fiduciary relationship with our clients. We will honor this responsibility by always acting in the best interest of our clients. We will avoid any conflict of interest, whether real or apparent.
- Good communication with our clients is essential. We will foster good communication by encouraging our clients to ask questions and express their concerns to us directly and openly. We will listen and respond in a forthright and prompt manner.
- We recognize that the close relationship we enjoy with our clients will cause us to be privy to sensitive information. We will protect and maintain the confidentiality of our clients' business information and trade secrets.

For further information, please call:

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